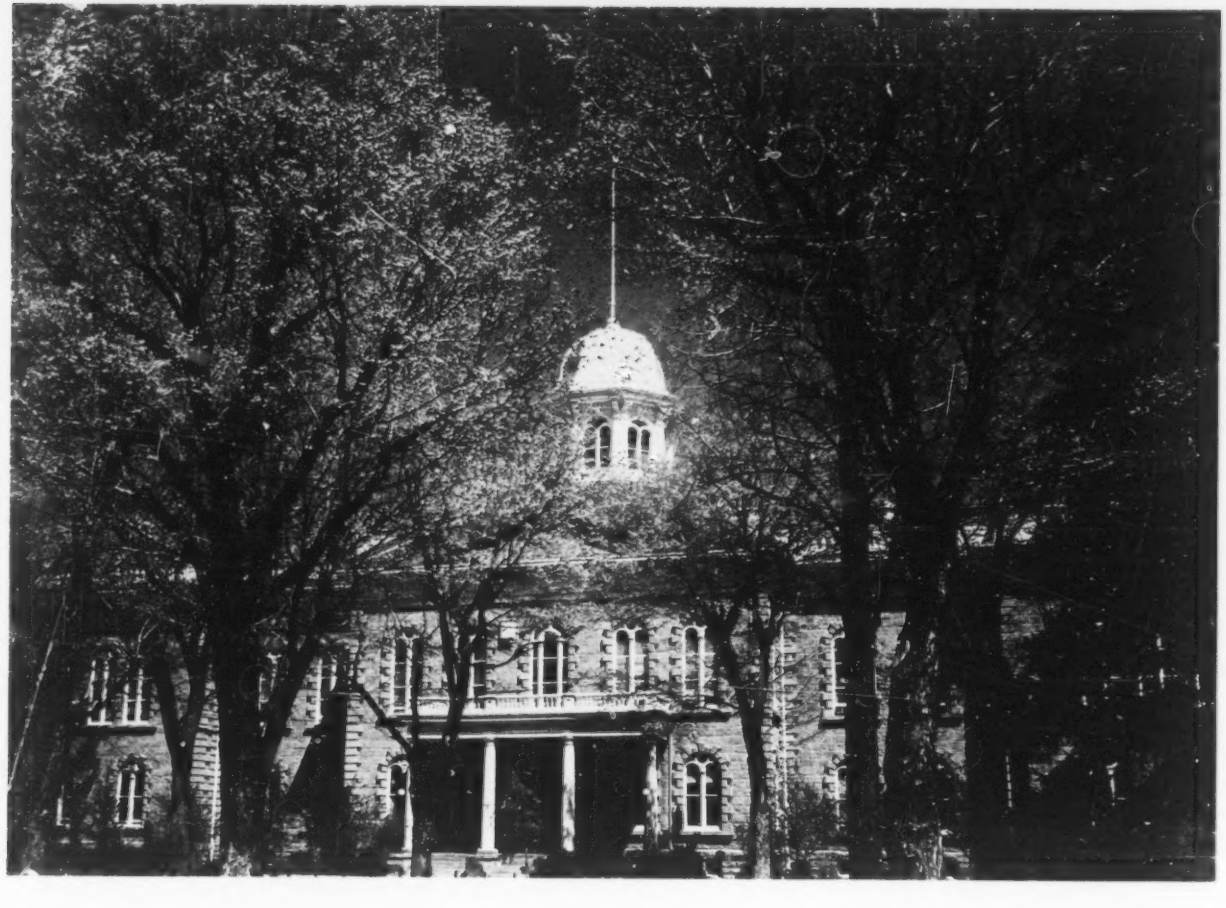
STATE OF NEVADA

ANNUAL REPORT OF THE STATE CONTROLLER FOR THE FISCAL YEAR ENDED JUNE 30, 1981



WILSON McGOWAN, STATE CONTROLLER

STATE OF NEVADA

ANNUAL REPORT OF THE STATE CONTROLLER FOR THE FISCAL YEAR ENDED JUNE 30, 1981

WILSON McGOWAN, STATE CONTROLLER

Wilson McGowan

WILSON McGOWAN

STATE CONTROLLER

ON THE COVER

The "Act to provide for the erection of a State Capitol" was introduced into the Nevada State Assembly by John S. Mayhugh, Assemblyman for Esmeralda County, on January 20, 1869. After a stormy passage through the Assembly, the "Capitol Bill" emerged and was on its way to the Senate with a record of 21 yeas and 18 nays. The Senate, however, gave a total majority of "yeas" to the bill, and on February 23, 1869, with a somewhat shaky hand, Governor Henry G. Blasdel signed into law the details that would give Nevada a Capitol Building.

The laying of the Capitol Cornerstone took place on Thursday, June 9, 1870, under the direction of the Grand Lodge of Free and Accepted Masons of Nevada.

Construction moved rapidly; within 6 months of the cornerstone ceremony, the Capitol Building was ready for the Fourth Session of the State Legislature.

The interior finish of the Capitol Building indicates that both the architect and contractor were determined to create a lasting and imposing structure; windowpanes of 26-ounce French crystal, double arched sashes, vaulted columns, and chandeliers pendant from ornate scrolled centerpieces was just a beginning. Alaskan marble, shipped from Alaska to Richmond, California in 20-ton blocks, was cut, polished, and shipped to Carson City for inlay to the wainscoting, arches, and floors of the Capitol Building.

The enlargement of the Capitol Building to its present size was initiated in 1913 during the Twenty-sixth Session of the Nevada Legislature. Sixty thousand dollars was appropriated by the lawmakers to extend the building both north and south.

This much needed addition to the Capitol Building gave both the State Assembly and State Senate a larger chamber on the second floor, and on the first floor, provided a much needed area for agency office space.

With the State of Nevada now boasting the second highest population growth in the nation, the scope of legislation and legislative matters has grown to such an extent that the lawmaking machine has outgrown its facilities in the Capitol Building.

To compensate for inadequate working facilities, the 1967 State Legislature approved and appropriated a total of $3,422,600 for the construction of a new Legislative Building located immediately south of the Capitol Building in Carson City.

Excerpts from HISTORY OF CAPITOL BUILDING
by Frederick C. Gale
Nevada State Archivist (Ret.)

Cover photo courtesy of Nevada Magazine

State of Nevada
Annual Report of the State Controller
For the Fiscal Year Ended June 30, 1981
Table of Contents

INTRODUCTORY SECTION

	Page
LETTER OF TRANSMITTAL	1
ORGANIZATION CHART	5
PRINCIPAL OFFICIALS	7

FINANCIAL SECTION

	Exhibit	Page
COMBINED STATEMENTS - OVERVIEW		
Combined Balance Sheet - All Fund Types and Account Groups	A-1	9
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	A-2	11
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types and Similar Trust Funds	A-3	13
Combined Statement of Changes in Financial Position - All Proprietary Fund Types and Similar Trust Funds	A-4	15
NOTES TO FINANCIAL STATEMENTS		18
COMBINING AND INDIVIDUAL FUND/ACCOUNT GROUP STATEMENTS AND SCHEDULES		
Governmental Funds:		
General Fund		
Comparative Balance Sheet	B-1	26
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance	B-2	27
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B-3	29
Special Revenue Funds		
Combining Balance Sheet	C-1	32
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	45
Debt Service Fund		
Comparative Balance Sheet	D-1	70
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	D-2	71
Capital Projects Funds		
Combining Balance Sheet	E-1	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2	75

State of Nevada
Annual Report of the State Controller
For the Fiscal Year Ended June 30, 1981
Table of Contents

	Exhibit	Page
Proprietary Funds:		
Enterprise Funds		
Combining Balance Sheet	F-1	78
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	F-2	79
Combining Statement of Changes in Financial Position	F-3	80
Internal Service Funds		
Combining Balance Sheet	G-1	82
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	G-2	85
Combining Statement of Changes in Financial Position	G-3	88
Fiduciary Funds:		
Combining Balance Sheet	H-1	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Expendable Trust Funds	H-2	102
Combining Statement of Revenues, Expenses, and Changes in Fund Balances - All Nonexpendable Trust Funds	H-3	108
Combining Statement of Revenues, Expenses, and Changes in Fund Balances - All Pension Trust Funds	H-4	110
Combining Statement of Changes in Financial Position - All Nonexpendable Trust Funds	H-5	111
Combining Statement of Changes in Financial Position - All Pension Trust Funds	H-6	113
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	H-7	114
Account Groups:		
General Fixed Assets		
Statement of General Fixed Assets - By Function	I-1	120
General Long-Term Debt		
Statement of Changes in General Long-Term Debt	J-1	122
Combined Schedule of General Obligation Bonds Payable, Lease Purchase Agreements and Contingent Liabilities	J-2	123
SUPPLEMENTARY SCHEDULES		
Schedule of Departmental Expenditures Compared with Spending Authority - All Appropriated Budgets	K-1	124
Total Revenues Collected from Counties	K-2	132
Analysis of Revenues by Type Collected from the Counties	K-3	133
Schedule of Cash on Deposit with the State Treasurer	K-4	136
Schedule of Cash on Deposit with the State Treasurer by Fund	K-5	137
Schedule of Investments by Class of Issuing Agency	K-6	142
Schedule of General Fund Revenues in Support of Appropriations - Estimated and Actual	K-7	143

STATISTICAL SECTION

	Table	Page
General Governmental Expenditures by Function - Last Five Fiscal Years	I	146
General Revenue by Source - Last Five Fiscal Years	II	147
General Fund Appropriations - Last Five Fiscal Years	III	148
Gross Taxable Gaming Revenues and Total State Gaming Taxes - Last Five Fiscal Years	IV	149
Computation of Constitutional Debt Limit	V	150
Debt Service Requirements to Maturity - General Obligation Bonds	VI	151
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Five Fiscal Years	VII	153
Per Capita Income	VIII	154
Population by County	IX	155
Average Annual Employment - Last Five Calendar Years	X	156
National and State Commercial Bank Deposits - Last Five Calendar Years	XI	157

STATE OF NEVADA
OFFICE OF
STATE CONTROLLER
CARSON CITY, NEVADA 89701

WILSON McGOWAN
State Controller

April 1, 1982

The Honorable Robert List
Governor of the State of Nevada
Capitol Complex
Carson City, Nevada 89710

Dear Governor List:

I am pleased to submit Nevada's unaudited annual report for the fiscal year ended June 30, 1981.

This report has been prepared following the guidelines recommended by the Municipal Finance Officers Association of the United States and Canada.

The comprehensive annual financial report consists of three parts:

1. Introductory section, including this letter of transmittal
2. Financial section, including the financial statements and supplemental data of the State
3. Statistical section, including a number of tables of data depicting the financial history of the State for the past five years, demographic and other miscellaneous information.

General Governmental Functions

Revenues for general governmental functions totaled $683,527,000 in fiscal year 1980-1981, an increase of 3.9 percent over 1979-1980. Gaming taxes produced 22.9 percent of general revenues compared to 19.3 percent last year. Sales taxes produced 19.6 percent of general revenues compared to 18.5 percent last year.

The amount of revenues from various sources and the increase over last year are shown in the following tabulation (expressed in thousands):

Revenue Source	Amount	Percent of Total	Increase <Decrease> from 1979-1980
Sales taxes	$134,002	19.6%	$ 12,040
Gaming taxes	156,186	22.9	29,026
Other taxes	51,861	7.6	<17,056>
Intergovernmental	231,190	33.8	5,505
Charges for services	35,184	5.1	<4,822>
Interest income	26,455	3.9	1,189
Other	48,649	7.1	<327>
	$683,527	100.0%	$ 25,555

Expenditures for general governmental purposes totaled $546,572,000, an increase of 1/2 percent over 1979-1980. Changes in levels of expenditures for major functions of the State over the preceding year are shown in the following tabulation (expressed in thousands):

Function	Amount	Percent of Total	Increase <Decrease> from 1979-1980
General government	$ 34,712	6.3%	$<13,567>
Public safety	30,050	5.5	2,674
Human resources	152,866	28.0	14,103
Regulatory	16,826	3.1	2,800
Highway, traffic safety, motor vehicle	165,942	30.3	6,932
Education	80,201	14.7	<7,479>
Conservation, energy, agriculture	40,964	7.5	959
Employment security	21,542	3.9	<2,846>
Debt service	3,204	.6	<729>
Other	265	.1	<118>
	$546,572	100.0%	$ 2,729

The fund balance in the General Fund of $76,550,000 shows a decrease of $12,549,000 from the last fiscal year. This decrease was budgeted by the 1979 legislature by instituting tax reductions while substantially increasing the level of State support to education. The $41,369,000 fund balance in Special Revenue Funds was up $9,812,000.

Pass Through Resources

Policies and procedures on pass through resources were established by the State Controller's Office in July, 1980. Governmental Accounting, Auditing and Financial Reporting, 1980, defines pass through resources as those that are "received by a government to transfer to, or to spend on behalf of another entity in accordance with legal or contractual provisions. The receipt or disbursement of such resources does not affect the operations of the agent government except for the imposed accounting and reporting requirements." Four State agencies, which are the largest distributors of pass through resources for the State, followed these procedures beginning July 1, 1980. The new policies materially changed classifications of revenues and expenditures in the fiscal year ended June 30, 1981. The reclassification of a revenue or expenditure to its respective pass through resource or disbursement classification does not materially affect fund balance.

Debt Administration

During the past fiscal year, no new general obligation debt was issued. The State's current bond ratings are Aa from Moody's Investors Service and AA from Standard & Poor's. Outstanding general obligation bonds at June 30, 1981, totaled $100,254,000, of which $82,535,000 issued for Clark County sewer improvement and by Colorado River Resources are considered to be self-supporting. The remainder of $17,719,000 is net direct tax- supported debt.

The ratio of net bonded debt to total property value and the amount of bonded debt per capita are useful to citizens, investors and management as indicators of the State's debt position. At June 30, 1981, these data were as follows:

	Amount	Ratio of Debt to Property Value	Debt per Capita
Net direct bonded debt	$17,719,000	0.07%	$22.15

Cash Management

Cash temporarily idle during the year was invested in outright purchases of U.S. government agency securities, ranging from 3 months to 12 years to maturity, and repurchase agreements of such securities, with maturities of no more than 2 months; U.S. Treasury Bills and Notes, ranging from 1 to 3 years to maturity; and bank time certificates of deposit, maturing from 90 to 180 days.

Investments outstanding as of June 30, 1981, were held as follows:

Type of Investment	Percent of total Investments
Outright purchases	24.0%
Repurchase agreements	37.1
U.S. Treasury Bills and Notes	4.5
Time Certificates of Deposit	34.4
	100.0%

The average yield on maturing investments during the year was 13.7 percent. The amount of interest received was $29.1 million, which was $1.8 million more than interest on temporary investments in fiscal year 1979-1980.

Pension Plan

Total assets of the pension trust funds administered by the Public Employees' Retirement System reached over $1 billion at June 30, 1981. As of June 30, 1980, current contribution rates and income of the system were actuarially projected to fully fund its obligations over a forty year period beginning July 1, 1976.

Future Prospects

The short range prospects for the State of Nevada are somewhat uncertain due to the pressures of inflation and recession that are affecting the nation as a whole. However, its favorable tax climate and right-to-work law continue to attract new industry to the State. While preserving one of the lowest per capita state tax burdens in the United States, Nevada maintains its fiscally responsible policies that provide necessary services for its citizens.

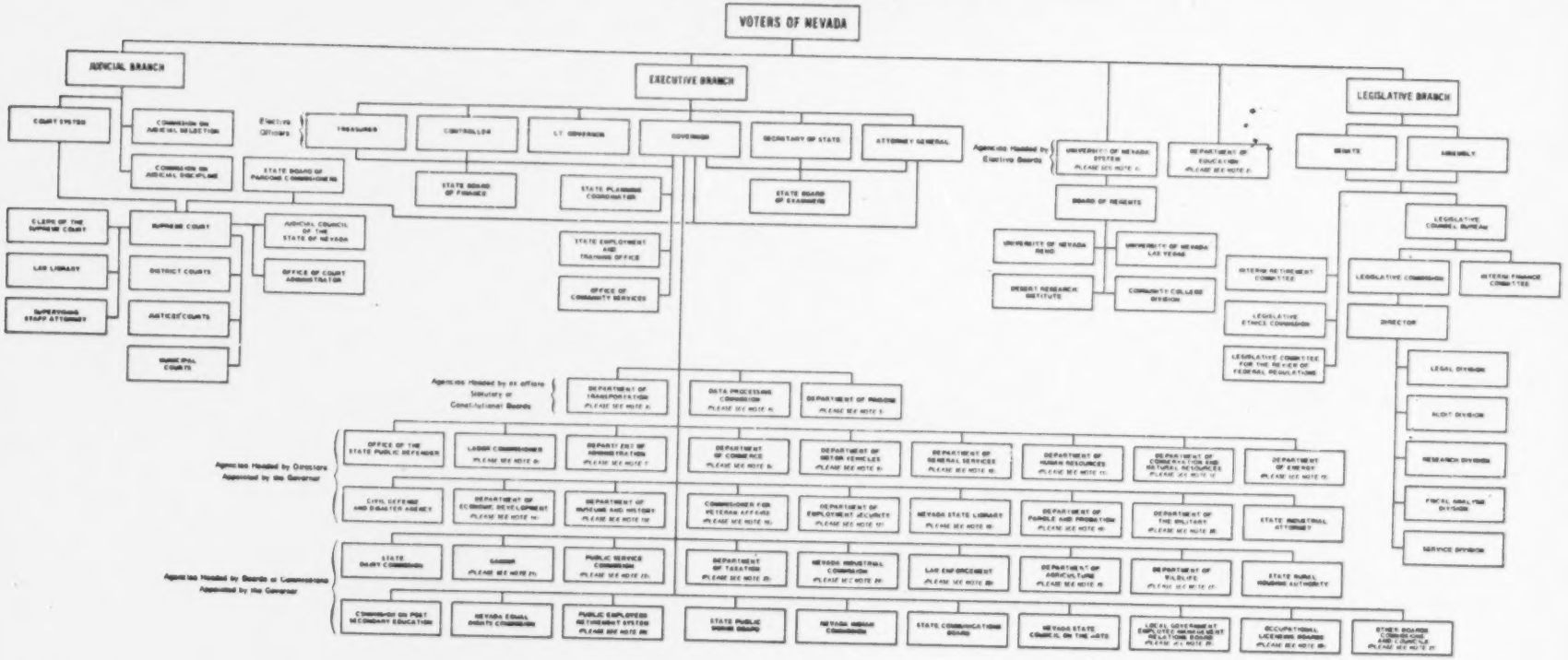
Acknowledgements

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the State Controller's Office. Their efforts over the past years toward upgrading the accounting and financial reporting systems of the State have lead substantially to the improved quality of the information in the annual report. I should like to express my appreciation to all State agencies that assisted and contributed to its preparation.

Respectfully submitted,

Wilson McGowan
State Controller

NEVADA STATE GOVERNMENT



NOTES

Constitutional offices, statutory breakdowns within the enumerated state departments, and the statutory boards and/or commissions advising or supervising these departments, not illustrated on the chart, are listed below:

No. 1—UNIVERSITY OF NEVADA SYSTEM
- (a) Committee on Anatomical Dissection
- (b) Public Service Division
  - (1) Bureau of Mines and Geology
  - (2) State Analytical Laboratory
  - (3) Agricultural Experiment Station
  - (4) Agricultural Extension Department
    - State 4-H Camp Advisory Council

No. 2—STATE DEPARTMENT OF EDUCATION
- (a) State Board of Education
- (b) State Board of Vocational Education
- (c) State Textbook Commission
- (d) Superintendent of Public Instruction

No. 3—DEPARTMENT OF TRANSPORTATION
- (a) Department of Transportation Board of Directors
- (b) Administrative Division
- (c) Operations Division
- (d) Engineering Division
- (e) Planning Division

No. 4—DATA PROCESSING COMMISSION
- Computer Facility

No. 5—DEPARTMENT OF PRISONS
- Board of State Prison Commissioners

No. 6—LABOR COMMISSIONER
- State Apprenticeship Council

No. 7—DEPARTMENT OF ADMINISTRATION
- (a) Budget Division
- (b) Personnel Division
  - Advisory Personnel Commission
- (c) Risk Management Division
- (d) Hearings Division
- (e) Committee on Group Insurance

No. 8—DEPARTMENT OF COMMERCE
- (a) Banking Division
- (b) Consumer Affairs Division
- (c) Credit Union Division
  - Credit Union Advisory Council
- (d) Housing Division
- (e) Insurance Division
- (f) Manufactured Housing Division
- (g) Real Estate Division
  - Nevada Real Estate Advisory Commission
- (h) Savings and Loan Division
- (i) State Fire Marshal Division
  - State Fire Marshal's Advisory Board

No. 9—DEPARTMENT OF MOTOR VEHICLES
- (a) Administrative Services Division
- (b) Automation Division
- (c) Driver's License Division
- (d) Nevada Highway Patrol Division
  - Communications Subdivision
- (e) Motor Carrier Division
- (f) Registration Division
  - (1) Vehicle Compliance and Enforcement Section
  - (2) Vehicle Emission Control Section
- (g) Traffic Safety Division

No. 10—DEPARTMENT OF GENERAL SERVICES
- (a) Buildings and Grounds Division
- (b) Central Data Processing Division
- (c) State Printing and Records Division
- (d) Purchasing Division
- (e) State Motor Pool
- (f) Marlette Lake Water System Advisory Committee

No. 11—DEPARTMENT OF HUMAN RESOURCES
- (a) Aging Services Division
  - State Advisory Committee on Older Americans
- (b) Health Division
  - (1) State Board of Health
  - (2) Medical Laboratory Advisory Committee
  - (3) Board of Review For Patients
  - (4) State Hygienic Laboratory
- (c) Office of Health Planning and Resources
  - State Health Coordinating Council
- (d) Mental Hygiene and Mental Retardation Division
  - Mental Hygiene and Mental Retardation Advisory Board
- (e) Rehabilitation Division
  - (1) Bureau of Alcohol and Drug Abuse
  - (2) Bureau of Services to the Blind
  - (3) Bureau of Vocational Rehabilitation
- (f) Welfare Division
  - (1) State Welfare Board
  - (2) Medical Care Advisory Group
- (g) Youth Services Division
  - (1) Nevada Youth Training Center Bureau
  - (2) Nevada Girls Training Center Bureau
  - (3) Northern Nevada Children's Home Bureau
  - (4) Southern Nevada Children's Home Bureau
  - (5) Child Care Services Bureau
  - (6) Youth Parole Bureau
  - (7) Board For Youth Services
  - (8) Board For Child Care
- (h) Nevada State Board of Examiners for Nursing Facility Administrators
- (i) Advisory Council on Children and Youth

No. 12—DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
- (a) Division of Water Resources
  - Well Drillers' Advisory Board
- (b) Division of State Lands
  - (1) State Land Office
    - Board of Review
  - (2) Land Use Planning Advisory Council
    - Executive Council
  - (3) State Multiple Use Advisory Committee on Federal Lands
- (c) Division of Forestry
  - State Board of Forestry and Fire Control
- (d) Division of Mineral Resources
  - Oil, Gas and Mining Board
- (e) Division of State Parks
  - State Parks Advisory Commission
- (f) Division of Conservation Districts
  - State Conservation Commission
- (g) Division of Historic Preservation and Archeology
  - Advisory Board for Historic Preservation and Archeology
- (h) Division of Environmental Protection
- (i) State Environmental Commission
- (j) Division of Water Planning
  - Water Planning Advisory Board

No. 13—DEPARTMENT OF ENERGY
- (a) State Energy Resources Advisory Board
- (b) Division of Colorado River Resources
  - (1) Colorado River Advisory Commission
  - (2) Eldorado Valley Advisory Group
- (c) Division of Energy Research and Development
- (d) Division of Energy Conservation and Planning

No. 14—DEPARTMENT OF ECONOMIC DEVELOPMENT
- (a) Division of Industrial Development
  - Industrial Development Advisory Council
- (b) Division of Travel and Tourism
  - Tourism-Travel Advisory Council

No. 15—DEPARTMENT OF MUSEUMS AND HISTORY
- (a) Nevada State Museum, including the Lost City Museum
- (b) The Nevada Historical Society
- (c) The Joint Board of Museums and History

No. 16—COMMISSIONER FOR VETERAN AFFAIRS
- Nevada Veterans' Advisory Commission

No. 17—EMPLOYMENT SECURITY DEPARTMENT
- (a) Employment Security Council
- (b) Rural Manpower Services Advisory Council
- (c) State Employment Service
- (d) Unemployment Compensation Service
  - Board of Review
    - Appeals Tribunal

No. 18—NEVADA STATE LIBRARY
- (a) Division for Cooperative Services
- (b) State Publications Distribution Center
- (c) Division of Archives

No. 19—DEPARTMENT OF PAROLE AND PROBATION
- State Board of Parole Commissioners

No. 20—DEPARTMENT OF THE MILITARY
- Nevada National Guard
  - (1) Nevada Army National Guard
  - (2) Nevada Air National Guard
  - (3) Nevada Military Academy

No. 21—GAMING
- (a) Nevada Gaming Commission
- (b) State Gaming Control Board
  - (1) Administrative Division
  - (2) Audit Division
  - (3) Corporate Securities and Economic Research Division
  - (4) Enforcement Division
  - (5) Investigations Division
  - (6) Tax and License Division
- (c) Gaming Policy Committee

No. 22—PUBLIC SERVICE COMMISSION
- Division of Consumer Relations

No. 23—DEPARTMENT OF TAXATION
- (a) Nevada Tax Commission
- (b) State Board of Equalization
- (c) Local Government Advisory Committee
- (d) Appraiser Certification Board

No. 24—NEVADA INDUSTRIAL COMMISSION
- (a) Industrial Commission Medical Boards
- (b) Occupational Safety and Health Review Board
- (c) Department of Occupational Safety and Health
- (d) Office of Inspector of Mines

No. 25—LAW ENFORCEMENT
- (a) Commission on Crimes, Delinquency and Corrections
  - Committee on Standards and Training for Peace Officers
- (b) Department of Law Enforcement Assistance
  - (1) Planning and Training Division
  - (2) Identifications and Communications Division
  - (3) Investigation and Narcotics Division

No. 26—DEPARTMENT OF AGRICULTURE
- (a) State Board of Agriculture
- (b) Division of Animal Industry
- (c) Division of Brand Inspection
- (d) Division of Plant Industry
  - State Sealer of Weights and Measures
- (e) Division of Administration
- (f) Alfalfa Seed Advisory Board

No. 27—DEPARTMENT OF WILDLIFE
- State Board of Wildlife Commissioners

No. 28—PUBLIC EMPLOYEES' RETIREMENT SYSTEM
- (a) Public Employees' Retirement Board
- (b) Police and Firemen's Retirement Fund Advisory Committee

No. 29—LOCAL GOVERNMENT EMPLOYEE-MANAGEMENT RELATIONS BOARD
- Employee-Management Relations Advisory Committee

No. 30—OCCUPATIONAL LICENSING BOARDS
- (a) Accountancy, Nevada State Board of
  - Grievance Committee
- (b) Architecture, State Board of
- (c) Athletic Commission, Nevada
- (d) Audiology and Speech Pathology, Board of Examiners for
- (e) Barbers' Health and Sanitation Board, State
- (f) Chiropractic Examiners, Nevada State Board o
- (g) Contractors' Board, State
- (h) Cosmetology, State Board of
- (i) Dental Examiners of Nevada, Board of
- (j) Engineers and Land Surveyors, State Board of Registered Professional
- (k) Funeral Directors and Embalmers, State Board of
- (l) Hearing Aid Specialists, State Board of
- (m) Landscape Architecture, Board of
- (n) Liquefied Petroleum Gas Board, Nevada
- (o) Marriage and Family Counselor Examiners, Board of
- (p) Medical Examiners of the State of Nevada, Board of
- (q) Nursing, State Board of
- (r) Opticians, Board of Dispensing
- (s) Optometry, Nevada State Board of
- (t) Oriental Medicine, State Board of
  - Oriental Medicine Advisory Committee
- (u) Osteopathic Medicine, State Board of
- (v) Pharmacy, State Board of
- (w) Physical Therapy Examiners, State Board of
- (x) Podiatry, State Board of
- (y) Private Investigator's Licensing Board
- (z) Psychological Examiners, Board of
- (aa) Racing Commission, Nevada
- (bb) Shorthand Reporters Board of Nevada, Certified
- (cc) Tahoe Regional Planning Agency
- (dd) Veterinary Medical Examiners, Nevada State Board of

No. 31—OTHER BOARDS, COMMISSIONS AND COUNCILS
- (a) Compensation for State Employees, Committee on Deferred
- (b) Comstock Historic District Commission
- (c) Ethics Commission, Executive
- (d) Grazing Boards, State
  - Central Committee of Nevada State Grazing Boards
- (e) Libraries, Nevada Council on
- (f) Livestock Show Board, Nevada Junior
- (g) Merit Award Board
- (h) Predatory Animal and Rodent Committee, State
- (i) Sheep Commissioners, State Board of
  - Woolgrowers Predatory Animal Committee, State (ex officio)

Prepared by: Research Division, Legislative Counsel Bureau and State Planning Coordinator's Office, November 1980.

STATE OF NEVADA
Principal Officials

Robert List, Governor

Myron Leavitt, Lieutenant Governor

William D. Swackhamer
Secretary of State

Wilson McGowan
State Controller

Richard H. Bryan
Attorney General

Stanton B. Colton
State Treasurer

Combined Statements

State of Nevada
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1981
(Expressed in thousands)

	Governmental Funds				Proprietary Funds		Fiduciary Funds	Account Groups		Totals (Memorandum only)
ASSETS	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust/ Agency	General Fixed Assets	General Long-Term Debt	
Cash	$ 60,400	$ 32,626	$ 231	$ 55,066	$ 802	$ 2,931	$ 54,254	$ -0-	$ -0-	$ 206,310
Petty cash	17	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	17
Cash with fiscal agent	-0-	-0-	48	-0-	2	-0-	8	-0-	-0-	58
Investments (at cost)	-0-	515	-0-	-0-	3,849	-0-	875,664	-0-	-0-	880,028
Accounts receivable	34,333	12,390	9	801	1,136	5,626	9,185	-0-	-0-	63,480
Loans receivable	-0-	-0-	-0-	-0-	1,247	-0-	758	-0-	-0-	2,005
Interest receivable	636	-0-	-0-	-0-	826	-0-	15,705	-0-	-0-	17,167
Due from other funds	28,682	2,451	-0-	6,292	4	223	135,980	-0-	-0-	173,632
Due from restricted assets	-0-	-0-	-0-	-0-	59	-0-	-0-	-0-	-0-	59
Due from other government	-0-	9,337	-0-	-0-	-0-	-0-	166	-0-	-0-	9,503
Inventory of supplies	-0-	7,319	-0-	-0-	261	1,364	-0-	-0-	-0-	8,944
Prepaid expenses	-0-	-0-	-0-	-0-	127	-0-	-0-	-0-	-0-	127
Restricted assets	-0-	26,066	-0-	-0-	22,121	-0-	-0-	-0-	-0-	48,187
Unamortized debt expense	-0-	-0-	-0-	-0-	38	-0-	-0-	-0-	-0-	38
Advances to other funds	2,930	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,930
Land	-0-	-0-	-0-	-0-	276	61	8,741	13,114	-0-	22,192
Buildings	-0-	-0-	-0-	-0-	10,784	2,718	1,556	114,464	-0-	129,522
Accumulated depreciation: buildings	-0-	-0-	-0-	-0-	<2,641>	<455>	<103>	-0-	-0-	<3,199>
Improvements other than buildings	-0-	-0-	-0-	-0-	40,323	-0-	-0-	2,214	-0-	42,537
Accumulated depreciation: improvements	-0-	-0-	-0-	-0-	<6,732>	-0-	-0-	-0-	-0-	<6,732>
Equipment	-0-	-0-	-0-	-0-	9,548	8,010	7	29,753	-0-	47,318
Accumulated depreciation: equipment	-0-	-0-	-0-	-0-	<3,229>	<3,750>	<1>	-0-	-0-	<6,980>
Construction work in progress	-0-	-0-	-0-	-0-	148,008	-0-	-0-	-0-	-0-	148,008
Amount available in Debt Service Fund	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	48	48
Amount to be provided for retirement of general long-term debt	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	17,671	17,671
Total Assets	$ 126,998	$ 90,704	$ 288	$ 62,159	$ 226,809	$ 16,728	$1,101,920	$ 159,545	$ 17,719	$1,802,870

LIABILITIES/FUND EQUITY	Governmental Funds				Proprietary Funds		Fiduciary Funds	Account Groups		Totals (Memorandum only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust/ Agency	General Fixed Assets	General Long-Term Debt	
Liabilities:										
Accounts payable	$ 19,575	$ 10,393	$ -0-	$ 7,210	$ 857	$ 4,709	$ 1,898	$ -0-	$ -0-	$ 44,642
Contracts payable	-0-	6,505	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,505
Notes payable	-0-	-0-	-0-	-0-	-0-	-0-	299	-0-	-0-	299
Accrued payroll	-0-	-0-	-0-	-0-	-0-	391	-0-	-0-	-0-	391
Escheated estates	-0-	-0-	-0-	-0-	-0-	-0-	409	-0-	-0-	409
Matured interest payable	-0-	-0-	12	-0-	-0-	-0-	-0-	-0-	-0-	12
Due to other funds	18,470	5,552	212	4	-0-	549	148,845	-0-	-0-	173,632
Due to other government	-0-	725	-0-	-0-	-0-	-0-	17,468	-0-	-0-	18,193
Surety bonds	1	-0-	-0-	-0-	-0-	-0-	2,758	-0-	-0-	2,759
Unearned revenue	26	94	-0-	-0-	297	-0-	964	-0-	-0-	1,381
Abandoned property	-0-	-0-	-0-	-0-	-0-	-0-	55	-0-	-0-	55
Payable from restricted assets	-0-	26,066	-0-	-0-	5,946	-0-	-0-	-0-	-0-	32,012
Deposits	12,399	-0-	-0-	-0-	-0-	-0-	903	-0-	-0-	13,302
Cash Overdraft	-0-	-0-	-0-	-0-	-0-	647	-0-	-0-	-0-	647
Unamortized premium on debt	-0-	-0-	-0-	-0-	7	-0-	-0-	-0-	-0-	7
Advances from other funds	-0-	-0-	-0-	-0-	-0-	2,930	-0-	-0-	-0-	2,930
Advance from federal government	-0-	-0-	-0-	-0-	159,758	-0-	-0-	-0-	-0-	159,758
General obligation debt payable	-0-	-0-	-0-	-0-	68,340	-0-	-0-	-0-	17,719	86,059
Other	-0-	-0-	16	-0-	-0-	-0-	-0-	-0-	-0-	16
Total Liabilities	50,471	49,335	240	7,214	235,205	9,226	173,599	-0-	17,719	543,009
Fund Equity:										
Contributed capital	-0-	-0-	-0-	-0-	3,313	315	-0-	-0-	-0-	3,628
Investment in general fixed assets	-0-	-0-	-0-	-0-	-0-	-0-	-0-	159,545	-0-	159,545
Retained earnings	-0-	-0-	-0-	-0-	<11,709>	7,187	-0-	-0-	-0-	<4,522>
Fund Balances:										
Reserved:										
Inventory	-0-	7,319	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,319
Advances	2,930	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,930
Balances forward	28,481	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	28,481
Other reserves	-0-	8,512	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,512
Unreserved	45,116	25,538	48	54,945	-0-	-0-	928,321	-0-	-0-	1,053,968
Total Fund Equity	76,527	41,369	48	54,945	<8,396>	7,502	928,321	159,545	-0-	1,259,861
Total Liabilities and Fund Equity	$ 126,998	$ 90,704	$ 288	$ 62,159	$ 226,809	$ 16,728	$1,101,920	$ 159,545	$ 17,719	$1,802,870

The accompanying notes are an integral part of these financial statements.

State of Nevada
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 1981
(Expressed in thousands)

	Governmental Funds				Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Sales taxes	$ 134,002	$ -0-	$ -0-	$ -0-	$ -0-	$ 134,002
Gaming taxes	156,186	-0-	-0-	-0-	-0-	156,186
Other taxes	23,537	28,324	-0-	-0-	-0-	51,861
Intergovernmental	86,997	144,193	-0-	9,977	1	241,168
Charges for services	9,877	25,307	-0-	314	-0-	35,498
Interest income - Treasurer's investment	23,623	2,818	-0-	-0-	364	26,805
Interest income	-0-	14	-0-	-0-	-0-	14
Other	18,128	29,553	968	2,614	652	51,915
Total Revenues	452,350	230,209	968	12,905	1,017	697,449
Expenditures:						
General government	25,813	8,596	-0-	-0-	183	34,592
Public safety	27,114	2,936	-0-	-0-	-0-	30,050
Rehabilitation	6,739	1,605	-0-	-0-	17	8,361
Youth services, old age assistance	11,705	76	-0-	-0-	28	11,809
Regulatory	11,265	5,561	-0-	-0-	-0-	16,826
Highway, traffic safety, motor vehicle	4,934	161,008	-0-	-0-	-0-	165,942
Health	8,985	571	-0-	-0-	17	9,573
Mental health, retardation	26,296	-0-	-0-	-0-	6	26,302
Welfare	96,775	114	-0-	-0-	343	97,232
Education	79,690	511	-0-	-0-	29	80,230
Conservation, energy, agriculture	20,279	20,685	-0-	-0-	11	40,975
Employment security	-0-	21,542	-0-	-0-	-0-	21,542
Capital projects	-0-	-0-	-0-	51,065	-0-	51,065
Redemption on bonds	-0-	-0-	1,995	-0-	-0-	1,995
Interest, fiscal charges	-0-	-0-	1,209	-0-	-0-	1,209
Other	10	255	-0-	-0-	-0-	265
Total Expenditures	319,605	223,460	3,204	51,065	634	597,968
Excess of Revenues over <under> Expenditures	132,745	6,749	<2,236>	<38,160>	383	99,481

	Governmental Funds				Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Other Financing Sources <Uses>:						
General Fund appropriations	<165,201>	13,058	2,402	6,292	933	<142,516>
Transportation Fund appropriations	321	<367>	-0-	-0-	-0-	<46>
Industrial Commission appropriations	633	-0-	-0-	-0-	-0-	633
Interim Finance allocation	2,088	<2,615>	-0-	132	-0-	<395>
Reversion to General Fund	17,029	<5,284>	<212>	<120>	-0-	11,413
Reversion to Transportation Fund	<19>	19	-0-	-0-	-0-	-0-
Reversion to Interim Finance	<46>	67	-0-	<21>	-0-	-0-
Reversion to Industrial Commission	<69>	-0-	-0-	-0-	-0-	<69>
Reversion to federal government	-0-	<9,885>	-0-	-0-	-0-	<9,885>
Transfers from other funds	45	18	-0-	10	-0-	73
Transfers to other funds	-0-	<63>	-0-	-0-	-0-	<63>
Sale of bonds	-0-	-0-	-0-	4,210	-0-	4,210
Pass through resources	88,589	2,147	-0-	-0-	2,885	93,621
Pass through disbursements	<89,206>	<6,486>	-0-	-0-	<3,782>	<99,474>
Total Other Financing Sources <Uses>	<145,836>	<9,391>	2,190	10,503	36	<142,498>
Excess of Revenues and Other Sources over <under> Expenditures and Other Uses	<13,091>	<2,642>	<46>	<27,657>	419	<43,017>
Adjusted Fund Balances - July 1	89,618	44,011	94	82,602	1,596	217,921
Fund Balances - June 30	$ 76,527	$ 41,369	$ 48	$ 54,945	$ 2,015	$ 174,904

The accompanying notes are an integral part of these financial statements.

State of Nevada
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances
All Proprietary Fund Types and Similar Trust Funds
For the Fiscal Year Ended June 30, 1981
(Expressed in thousands)

	Proprietary Funds		Fiduciary Funds		Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust	
Operating Revenues:					
Intergovernmental	$ -0-	$ 317	$ -0-	$ -0-	$ 317
Charges for services	9,529	46,600	-0-	-0-	56,129
Interest income - Treasurer's investment	-0-	-0-	1,862	714	2,576
Interest income	-0-	-0-	2,491	74,023	76,514
Other	58	1,733	1,649	101,879	105,319
Total Operating Revenues	9,587	48,650	6,002	176,616	240,855
Operating Expenses:					
Personal services	275	8,445	-0-	-0-	8,720
Operating	5,947	6,332	-0-	-0-	12,279
Leases	-0-	139	-0-	-0-	139
Benefit payments	-0-	-0-	2,127	33,700	35,827
Materials or supplies used	84	33,416	-0-	-0-	33,500
Interest expense	-0-	-0-	-0-	2	2
Investment expense	-0-	-0-	14	684	698
Depreciation	1,320	966	-0-	62	2,348
Refunds	-0-	-0-	-0-	7,851	7,851
Administration expense	617	-0-	-0-	1,457	2,074
Other	5	16	-0-	181	202
Total Operating Expenses	8,248	49,314	2,141	43,937	103,640
Operating Income <Loss>	1,339	<664>	3,861	132,679	137,215
Nonoperating Revenues <Expenses>:					
Interest income - Treasurer's investment	18	-0-	-0-	-0-	18
Interest income	464	72	-0-	-0-	536
Investment gain <loss>	-0-	-0-	-0-	9,450	9,450
Interest expense	<2,255>	-0-	-0-	-0-	<2,255>
General Fund appropriations	300	479	1,018	-0-	1,797
Transportation Fund appropriations	-0-	47	-0-	-0-	47
Interim Finance allocation	-0-	210	-0-	-0-	210
Reversion to General Fund	-0-	<6>	-0-	-0-	<6>
Transfers to other funds	-0-	-0-	<2,105>	-0-	<2,105>
Operating transfers in	4,233	-0-	-0-	-0-	4,233
Total Nonoperating Revenues <Expenses>	2,760	802	<1,087>	9,450	11,925
Net Income <Loss>	4,099	138	2,774	142,129	149,140
Adjusted Retained Earnings/Fund Balances - July 1	<15,808>	7,049	37,921	743,482	772,644
Retained Earnings/Fund Balances - June 30	$ <11,709>	$ 7,187	$ 40,695	$ 885,611	$ 921,784

The accompanying notes are an integral part of these financial statements.

State of Nevada
Combined Statement of Changes in Financial Position
All Proprietary Fund Types and Similar Trust Funds
For the Fiscal Year Ended June 30, 1981
(Expressed in thousands)

Exhibit A-4
Page 1 of 2

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust	
Sources of Working Capital:					
Operations:					
Net income <loss>	$ 4,101	$ 136	$ 2,774	$ 142,129	$ 149,140
Items not requiring <providing> working capital:					
Depreciation, amortization	1,322	965	<10>	62	2,339
Investment gain <loss>	-0-	-0-	-0-	<9,450>	<9,450>
Working Capital Provided by Operations	5,423	1,101	2,764	132,741	142,029
Advance from federal government	35,479	-0-	-0-	-0-	35,479
Proceeds from sale of investments	-0-	-0-	820	225,463	226,283
Adjustments to retained earnings	-0-	16	367	-0-	383
Increase of reserves (net)	-0-	-0-	-0-	70,964	70,964
Other	-0-	-0-	88	-0-	88
Total Sources of Working Capital	40,902	1,117	4,039	429,168	475,226
Uses of Working Capital:					
Acquisition of property, equipment	114	1,173	-0-	-0-	1,287
Increase in construction work in process	54,492	-0-	-0-	-0-	54,492
Purchase of investments	3,299	-0-	-0-	-0-	3,299
Repayment of advance from General Fund	-0-	376	-0-	-0-	376
Adjustment to fund balance	-0-	-0-	2	-0-	2
Outlay for bond investments	-0-	-0-	-0-	202,487	202,487
Outlay for secured loans	-0-	-0-	-0-	84,571	84,571
Other	219	-0-	-0-	-0-	219
Total Uses of Working Capital	58,124	1,549	2	287,058	346,733
Net Increase <Decrease> in Working Capital	$ <17,222>	$ <432>	$ 4,037	$ 142,110	$ 128,493

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust	
Elements of Net Increase <Decrease>:					
Cash	$ 172	$ <616>	$ 3,132	$ 537	$ 3,225
Cash with fiscal agent	-0-	-0-	-0-	4	4
Investments	-0-	-0-	82	139,492	139,574
Accounts receivable	<8>	<1,884>	487	<2,181>	<3,586>
Loans receivable	1,247	-0-	281	-0-	1,528
Interest receivable	<522>	-0-	40	4,670	4,188
Due from other funds	-0-	222	23	32,712	32,957
Due from restricted assets	20	-0-	-0-	-0-	20
Inventory of supplies	190	333	-0-	-0-	523
Prepaid expenses	81	<1>	-0-	-0-	80
Restricted assets	<20,003>	-0-	-0-	-0-	<20,003>
Accounts payable	274	2,017	-0-	-0-	2,291
Notes payable	-0-	-0-	-0-	310	310
Accrued payroll	<7>	<87>	-0-	-0-	<94>
Benefits payable	-0-	-0-	-0-	8	8
Due to other funds	-0-	<416>	<8>	<32,850>	<33,274>
Unearned revenue	<266>	-0-	-0-	<839>	<1,105>
Payable from restricted assets	1,608	-0-	-0-	-0-	1,608
Deposits	-0-	-0-	-0-	247	247
Other	<8>	-0-	-0-	-0-	<8>
Net Increase <Decrease> in Working Capital	$ <17,222>	$ <432>	$ 4,037	$ 142,110	$ 128,493

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State of Nevada was admitted to the Union on October 31, 1864. Nevada, along with nineteen other states, still functions under its original constitution which was adopted in 1864. The Governor, Lieutenant Governor, Secretary of State, Treasurer, Controller and Attorney General are all elected to four year terms. The State Legislature, which is composed of the Senate and Assembly, meets biennially. The judicial power of this State is vested in a court system, comprised of a Supreme Court, nine District Courts and Justices of the Peace.

A. Basis of Presentation - The accounts of the State are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilites, equities, revenues, and expenditures or expenses. The various funds are grouped by type in the financial statements. The following fund types and account groups are used by the State:

General Fund - The General Fund is the general operating fund of the State. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund - The Debt Service Fund is used to account for the annual payment of principal, interest, and expenditures on long-term general obligation debt, other than bonds payable from the operations of an enterprise.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by enterprise operations.

Enterprise Funds - Enterprise Funds are used to account for operations that provide a service to citizens financed primarily by a user charge for the provision of that service and activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the State or to other governmental units on a cost reimbursement basis.

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held in trust or as an agent by the State for others. There are three types of trust funds: expendable, nonexpendable, and pension. Nonexpendable trust and pension funds are accounted for and reported with the proprietary funds. Expendable trust and agency funds are accounted for and reported with the governmental funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the State, other than those accounted for in the Enterprise and Internal Service Funds.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt, including capitalized leases, that is backed by the State's full faith and credit.

During our review of funds and their appropriate fund type classifications for financial statement presentations, we noted that the following funds have been misclassified in the statutes:

Fund Name	Appropriate Classification	Statute Classification	NRS Reference
Adj. Gen. Construction	Capital Project	Special Revenue	412.108(4)
Marlette Lake	Internal Service	Enterprise	331.180(1)

These funds have been reported in our financial statements in their appropriate fund type classification. We will seek legislation to correct the classification in the statutes.

B. Basis of Accounting - The financial statements are prepared on the modified accrual basis for governmental and expendable trust funds and on the accrual basis for proprietary and nonexpendable trust and pension trust funds. Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of that fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred except for unmatured interest on general long-term debt. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when they are incurred.

C. Encumbrances - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. For financial statement purposes, we view routine purchase encumbrance contracts as being substantially completed and therefore a liability exists.

D. Outside Bank Accounts - Several State agencies are allowed to keep separate bank accounts for various purposes. These include revolving funds to meet expenses requiring immediate payment, trust funds holding money for prison inmates and clients of mental institutes, and accounts holding money for enterprises run by the blind. The money being held in these accounts is not recorded on the balance sheet, however it represents less than 2% of all cash in the General Fund.

E. General Fund: Petty Cash and Prior Period Adjustments - The amount shown as petty cash in the General Fund at June 30, 1981, represents the aggregate amount of such funds held on an imprest basis by State agencies. When these funds were originally set up, the amount to be held in them was incorrectly expensed; thus, the amount recorded in petty cash at June 30, 1980, was zero though the funds were in existence at that time. The correct amount was restored to the balance sheet in fiscal year 1980-1981 by an adjustment to fund balance. Prior period adjustments in the net amount of $501,796 were also made to General Fund beginning fund balance. These adjustments reflect advances to internal service funds made in prior years which were incorrectly recorded, rebate of prior year personnel assessments, and reclassifications of revenues and expenditures which were recorded in the wrong fiscal year. The aggregate amount of the adjustments is considered immaterial.

F. Investments - Investments are stated at cost, which approximates market unless otherwise indicated.

G. Inventories - Inventories are priced at cost on the first-in, first-out basis. Inventory in the General Fund consists of expendable supplies held for consumption. The cost thereof has been recorded as an expenditure at the time individual inventory items were purchased. The Reserve for Inventory of Supplies is equal to the amount of inventory of supplies and signifies that a portion of the fund balance is not available for expenditure.

H. Advances to Other Funds - Long-term interfund advances are recorded as reductions in fund balance by the advancing fund. The amount advanced is recorded as a receivable and as a reserve to maintain the accountability and to properly disclose the amount available for appropriation (unreserved fund balance). Repayments are credited to fund balance, and corresponding reductions are made in the receivable and the reserve. I. Annual and sick leave - Annual and sick leave are neither accrued nor funded, but are recorded as expenditures when paid. Both annual and sick leave are cumulative if unused, except that annual leave may not be accumulated to exceed thirty working days at the beginning of any calendar year. Accumulated annual leave is payable upon termination. Unused sick leave is partially compensated upon retirement for employees with fifteen or more years of service, up to a maximum of $2,500.

J. Leases - Leases have not been capitalized in accordance with Statement of Financial Accounting Standards Number 13. We desire to have this section completed in our next annual report.

K. Pass Through Resources - Pass through resources are those which are received by one governmental unit on behalf of another. Prior to fiscal year 1980-1981, these resources were being incorrectly recorded as revenue and expenditure in each budget account passed through, thus overstating total revenue and expenditures in the fund. For the fiscal year ended June 30, 1981, pass through resources have been properly recorded as revenues and as expenditures by the final recipient only. Intermediary recipients have recorded these resources as pass through resources and pass through disbursements.

L. Other Reports Used in the Financial Statements - The financial statements have combined the audited reports of Division of Colorado River Resources and Nevada Housing Division and the unaudited reports of Public Employees' Retirement System and Department of Transportation.

M. Entities Omitted From Annual Report - The State of Nevada, for financial reporting purposes, includes all entities and funds that are controlled by or dependent on the State's executive or legislative branches. Based upon its existence as an organized entity, its governmental character, and its substantial autonomy, the University System was determined to be an independent entity for financial reporting purposes and is not included in the State's annual report. A separate financial report is prepared for the University System and is available upon request from that institution. All Occupational Licensing Boards with the exception of the Nevada Athletic Commission, Nevada Racing Commission, and the Taxicab Authority were determined to be independent governmental entities and are thus excluded from the annual report. The Nevada Industrial Commission is also excluded; it publishes a separate, audited financial report.

N. Total Columns on Combined Statements - Overview - Total columns are presented for analysis purposes only and data contained therein is not in conformity with generally accepted accounting principles. Interfund eliminations have not been made.

NOTE 2 - PRIMARY TAXES

The principal taxing authorities for the State of Nevada are the Nevada Tax Commission and the Nevada Gaming Commission.

The Nevada Tax Commission was created under NRS 360.010 and is the taxing and collecting authority for sales and use taxes. "Sale" means and includes any transfer of title or possession, exchange, barter, lease or rental, conditional or otherwise, in any manner or by any means whatsoever, of tangible personal property for a consideration. "Use" tax is imposed on the storage, use or other consumption of tangible personal property in this state purchased from any retailer for the purpose of storage, use or other consumption in this state. The sales and use taxes are imposed at a rate of 2% on all taxable sales and taxable items of use and are due and payable to the tax commission monthly on or before the last day of the following month. The taxes are collected from the consumer and remitted monthly accompanying a return. Any retailer or person guilty of violating the laws concerning the sales and use taxes are charged with a misdemeanor and subject to a fine not exceeding $500 for each offense.

The Nevada Gaming Commission was created under NRS 463.022 and is the taxing and collecting authority for gaming taxes. The following sources account for gaming tax revenues:

Percentage Fees are the most substantial of several State levies on gaming. They are based upon gross revenue and are collected quarterly in conjunction with license renewal. The fee is applied on a graduated basis at the following quarterly rates:

3% of first $150,000 of gross revenue;
4% of next $250,000 of gross revenue;
5.5% of revenues in excess of $400,000.

Annual State Slot Machine Taxes are levied on the number of slot machines to be operated at the rate of $237.50 per machine per year. All revenue derived from this tax is directly paid over to the state's educational system. Casino Entertainment Taxes are imposed at the rate of 10% of all amounts paid for admission, merchandise, refreshment or service while the establishment is in an entertainment status as specified in NRS 463.401. This tax is required to be paid quarterly. Flat Fee Collections are levied quarterly on the number of gambling games and slot machines operated. Nonrestricted licenses (those operating more than 15 slots or any number of games) remit $10 per quarter per machine and pay a fee at variable rates on the number of games operated as established in NRS 463.383. Restricted licensees (those having 15 or fewer slot machines and no table gaming) remit $25 per quarter per machine as prescribed in NRS 463.373. Annual License Fees are based on the number of gambling games operated, as described in NRS 463.380 and taxed at variable rates as prescribed in the same statute. Several Miscellaneous Collections are authorized and consist of: penalties and fines, manufacturer's and distributor's fees, advance payments, race wire fees, pari-mutuel wagering tax and other nominal miscellaneous items. The commission is given the authority under NRS 463.400 and 463.406 to assess a penalty on any licensee who fails to remit any license fee or tax provided for in the gaming licensing and control statutes, with the exception of slot machine tax. The penalty shall be in the amount of the license fee or tax evaded or not paid. This penalty is to be assessed and collected in the same manner as other gaming licensing control fees and taxes.

NOTE 3 - FIXED ASSETS

We have included in our annual financial report a schedule of the State's General Fixed Assets Account Group. To accomplish this task, we identified fixed assets into two categories:

A. Fund Fixed Assets are fixed assets utilized in proprietary funds or trust fund activities. These are commercial-type activities and the fixed assets are recorded in the appropriate fund.

B. General Fixed Assets are fixed assets other than those accounted for in the proprietary or trust funds. General fixed assets are accounted for in the general fixed assets account group, rather than in the governmental funds.

We emphasize that the general fixed assets account group is an "account group" rather than a "fund." In essence, the account group is a management control and accountability listing of a government's general fixed assets - those not employed in commercial-type activities or held in trust.

Valuation of Fixed Assets - Fixed assets are accounted for at cost or, if the cost is not determinable, at estimated cost. In the case of gifts or contributions, such assets are recorded at fair market value at the time received.

Depreciation of fixed Assets - No depreciation has been recorded for the general fixed assets account group. Depreciation on fund fixed assets has been recorded in the accounts of that fund, based on the average estimated useful life of the asset.

NOTE 4 - LONG-TERM DEBT

A. Constitutional Debt Limitations - Section 3, article 9 Consitution of the State, provides:

"The state may contract public debts; but such debts shall never, in the aggregate, exclusive of interest, exceed the sum of one per cent of the assessed valuation of the state, as shown by the reports of the county assessors to the state controller, except for the purpose of defraying extraordinary expenses, as herinafter mentioned. Every such debt shall be authorized by law for some purpose or purposes, to be distinctly specified therein; and every such law shall provide for levying an annual tax sufficient to pay the interest semi-annually, and the principal within twenty years from the passage of such law, and shall specially appropriate the proceeds of said taxes to the payment of said principal and interest; and such appropriation shall not be repealed nor the taxes postponed or diminished until the principal and interest of said debts shall have been wholly paid. Every contract of indebtedness entered into or assumed by or on behalf of the state, when all its debts and liabilities amount to said sum before mentioned, shall be void and of no effect, except in cases of money borrowed to repel invasion, suppress insurrection, defend the state in time of war, or, if hostilities be threatened, provide for the public defense. The state, notwithstanding the foregoing limitations, may, pursuant to authority of the legislature, make and enter into any and all contracts necessary, expedient or advisable for the protection and preservation of any of its property or natural resources, or for the purposes of obtaining the benefits thereof, however arising and whether arising by or through any undertaking or project of the United States or by or through any treaty or compact between the states, or otherwise. The legislature may from time to time make such appropriations as may be necessary to carry out the obligations of the state under such contracts, and shall levy such tax as may be necessary to pay the same or carry them into effect." (Emphasis added.)

B. Debt Service Fund - The amount available in the Debt Service Fund to service the general obligation bonds is $48,195.

C. General Obligation Colorado River Water Acquisition and Improvement Bonds - These bonds are general obligation bonds of the State payable from taxes. The bonds are additionally secured by net pledged revenues generated by the sale and other utilization of water by the Division of Colorado River Resources.

D. Clark County, Agency for State of Nevada, General Obligation (Limited Tax) Sewer Improvement Bonds - The bonds are general obligation bonds of the State payable from taxes. The bonds are additionally secured by net pledged revenues generated from the operation and use of advance waste water treatment facilities.

E. Refunded Debt - Two advanced refunding bond series are outstanding. In each refunding transaction the original debt issues were not retired. The proceeds of the refunding issues were used to purchase federal securities which were placed in separate escrows for each refunding transaction for the purpose of servicing the debt from the original issues. The outstanding amount of original debt represents a contingent liability of the State of Nevada.

F. The following is a summary of changes in long-term debt for the fiscal year ended June 30, 1981 (expressed in thousands):

Bonds payable at July 1, 1980	$19,094
New bonds issued	-0-
Bonds retired	1,375
Bonds payable at June 30, 1981	$17,719

G. Debt service requirements to maturity for all general obligation bonds payable at June 30, 1981, are summarized as follows (expressed in thousands):

For the Fiscal Year Ended June 30	General Obligation Bonds	Self-Supporting General Obligation Bonds		
		Colorado River Resources	Clark County	Total
1982	$ 1,826	$ 4,061	$ 970	$ 6,857
1983	1,829	5,032	967	7,828
1984	1,824	4,995	968	7,787
1985	1,838	4,997	968	7,803
1986	1,837	4,979	967	7,783
1987	1,827	4,972	964	7,763
1988-1992	8,277	24,815	4,788	37,880
1993-1997	5,348	25,047	4,803	35,198
1998-2002	-0-	25,318	4,912	30,230
2003-2007	-0-	25,526	2,008	27,534
2008,2009	-0-	8,764	-0-	8,764
	$ 24,606	$ 138,506	$ 22,315	$ 185,427

NOTE 5 - PENSIONS

Public Employees' Retirement System of the State of Nevada - The Public Employees' Retirement System covers substantially all public employees of the State, its agencies and its political subdivisions. Established on July 1, 1948, by the Nevada Legislature, the system is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor. In most cases, both the employees and the public employers contribute to the plan. Regular members contribute 8% and policemen and firemen contribute 8 1/2% of their compensations. Members are guaranteed that their contributions will be returned in either monthly benefits, a lump-sum refund or both. Participating public employers may, on an optional basis, pay employee contributions. Such contributions made by employers on behalf of employees are not credited to the members' accounts and are not refunded upon termination. Total contribution rates for employers that elect to pay employee contributions are 15% for regular members and 17% for policemen and firemen.

The present value of future benefit payments to all the individuals receiving benefits on June 30, 1980 is approximately $275.3 million. This amount is the actuarially determined present value of life time benefit payments calculated on the basis of the assumed mortality table and an 8% interest assumption. Based on the funding schedule adopted by the Retirement Board, the unfunded accrued liability is to be amortized over 40 years from July 1, 1976. Thirty-five years remain in the amortization period as of July 1, 1981. The method of amortizing the unfunded accrued liability is referred to as the "level percentage of payroll method," because the dollar amounts of the annual amortization payments increase at the rate of 6 1/2% per year or in direct proportion to the accrued annual rate of growth in total covered payroll.

NOTE 6 - ENTERPRISE FUNDS-NET LOSSES AND RETAINED EARNINGS DEFICITS - COLORADO RIVER RESOURCES

The Alfred Merritt Smith Water Treatment Facility Fund recorded a net loss of $57,801 for 1980-1981 which increased the fund's deficit to $3,379,286. The Federal Pumping and Transmission Facility Fund recorded a net loss of $889,951 for 1980-1981 which increased the fund's deficit to $14,184,890. Water users are contractually obligated to provide revenues sufficient to cover all operation and maintenance expenses (except depreciation) plus all principal and interest requirements on outstanding debt and principal and required deposits to reserve funds. Operating losses and accumulated deficits are the result of not charging water users for certain recorded expenses; i.e. depreciation, amortization of debt and pre-operating expenses, contributions to the Las Vegas Valley Water District for pollution abatement studies and interest on Federal debt capitalized and added to principal. As annual retirements of debt principal progressively increase and are included in billings to water users, annual revenues will approach and exceed recorded expenses, because principal payments are recorded as reductions of long term debt rather than expenses. The deficits will be reduced and eliminated as the annual retirements of debt principal increase.

NOTE 7 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The State is reporting four enterprise funds which provide electrical power, housing and prison inmate industry services. Segment information for the fiscal year ended June 30, 1981 was as follows:

	Colorado River Resources	Housing Division	Prison Industry	Prison Farm	Total Enterprise Funds
OPERATING REVENUES	$ 8,704,194	$ 410,585	$ 472,367	$ -0-	$ 9,587,146
DEPRECIATION, DEPLETION, AND AMORTIZATION EXPENSE	1,317,792	2,883	1,716	-0-	1,322,391
OPERATING INCOME OR <LOSS>	1,033,211	105,375	206,352	-0-	1,344,938
NET INCOME OR <LOSS>	<947,752>	4,541,925	406,352	100,000	4,100,525
CURRENT CAPITAL:					
Contributions	3,313,156	-0-	-0-	-0-	3,313,156
Transfers	-0-	-0-	-0-	-0-	-0-
PLANT, PROPERTY AND EQUIPMENT:					
Additions	54,572,063	626	32,754	-0-	54,605,443
Deletions	4,834	-0-	-0-	-0-	4,834
NET WORKING CAPITAL	<18,942,397>	1,245,582	375,335	100,000	<17,221,480>
BONDS AND OTHER LONG-TERM LIABILITIES:					
Payable From Operating Revenues	228,098,104	45,083	186,202	-0-	228,329,389
Payable From Other Sources	159,758,104	-0-	-0-	-0-	159,758,104
TOTAL EQUITY	<14,251,020>	5,285,268	469,370	100,000	<8,396,382>